

FRAUDULENT ACH TRANSACTIONS

County Treasurers
Annual Conference

ACH FRAUD METHODS

- External
 - Outside or unrelated party
 - Foreign accounts involved
 - Access to local unit's bank account information
- Internal
 - Performed by employee or official of unit
 - Intentional fraudulent activity
 - Unintentional – unaware activity is a scam

ACH FRAUD PROCESS

- Compromise customer data (low tech)
- Compromise customer's computer (high tech)
- Access & take over online bank accounts
- Initiate an ACH transaction
- Verify legitimacy of transaction
- Monitor account for deposit
- Move & Layer funds

DETECTION & PREVENTION

- Bank security
 - Pattern detection
 - Layered security
 - Dual authorization
- Internal Controls
 - Set alerts on bank accounts
 - Monitor bank account activity frequently
 - Reconciling timely
 - Block ACH transactions on certain accounts
 - Use firewall, anti-spyware, and anti-virus software
 - Internet security controls
 - Educate and Communicate with employees

ACH FRAUD RESPONSE

- Contact bank
- Contact law enforcement
- Contact SBOA
- Contact insurance company
- Contact IT Support and Software Vendor

EXAMPLES

- 2011
 - County: \$72,000 attempted
 - \$47,000 was transferred, but \$24,962 was stopped
 - School: \$98,000 transferred out from payroll acct
 - School: \$10,800 transferred out
 - Vendor: \$500 transferred out
 - Department: circumvented claims process
- Recently
 - County: Clerk's Trust bank acct information obtained
 - City: Hacked email account of public officials
 - City: Bank security caught attempts